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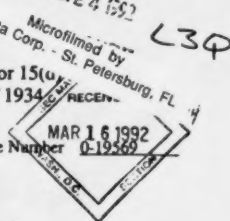
Securities and Exchange Commission

Washington, D.C. 20549

Form 10-Q

Quarterly Report Under Section 13 or 15 (a)
of the Securities Exchange Act of 1934For Quarter Ended January 31, 1992

Commission File Number

Jimbo's Jumbos, Incorporated / DEDalaware(State of Other Jurisdiction of
Incorporation or Organization)56-0487545(I.R.S. Employer
Identification No.)185 Peanut Drive, Edenton, N.C.

(Address of Principal Executive Offices)

27932

(Zip Code)

Registrant's telephone number, including area code (919) 482-2193

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No _____

No. of shares of Common Stock (\$.001 par value) outstanding as of March 4, 1992, -
6,500,000.

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Jimbo's Jumbos, Incorporated and Subsidiaries

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Part I - Financial Information

Jimbo's Jumbos, Incorporated and Subsidiaries

Condensed Consolidated Balance Sheets

	January 31, 1992 (Unaudited)	July 31, 1991 (Note)
Assets		
Current assets:		
Cash and cash equivalents	\$ 747,588	\$ 490,285
Trade receivables, less allowances for doubtful accounts of \$478,000 and \$543,000	3,364,008	6,588,319
Inventories	20,885,910	5,545,035
Prepaid expenses	123,563	90,907
Total current assets	<u>25,121,069</u>	<u>12,714,546</u>
Property, plant and equipment, at cost	14,734,180	13,969,390
Less allowance for depreciation	<u>2,132,445</u>	<u>1,676,445</u>
	12,601,735	12,292,945
Other assets	620,466	754,103
Excess of cost over net assets acquired	17,644,376	17,883,656
	<u>\$ 55,987,646</u>	<u>\$ 43,645,250</u>
Liabilities and stockholders' equity		
Current liabilities:		
Short-term bank notes	\$ 4,900,000	
Current installments of long-term term debt	180,000	\$ 90,000
Accounts payable	2,193,699	1,505,685
Dividend payable to Parent Company		2,637,864
Accrued expenses	937,526	2,044,882
Income taxes	1,073,728	48,728
Total current liabilities	<u>9,284,953</u>	<u>6,327,159</u>
Long-term debt, excluding current installments		90,000
Deferred income taxes	185,000	185,000
Stockholders' equity:		
Common stock, par value \$.001 per share; authorized 20,000,000 shares; issued and outstanding 6,500,000 and 4,750,000 shares	6,500	4,750
Additional paid-in capital	40,753,079	31,609,829
Retained earnings	6,822,114	5,428,512
Deferred compensation	(1,064,000)	
Total stockholders' equity	<u>46,517,693</u>	<u>37,043,091</u>
	<u>\$ 55,987,646</u>	<u>\$ 43,645,250</u>

Note: The balance sheet at July 31, 1991 has been derived from the audited financial statements at that date.

See notes to unaudited condensed consolidated financial statements.

Jimbo's Jumbos, Incorporated and Subsidiaries

Unaudited Condensed Consolidated Statements of Income

	Three months ended January 31,	
	1992	1991
Net sales	\$11,831,437	\$ 18,612,260
Cost and expenses:		
Cost of sales	8,793,513	11,903,515
Selling, general, and administrative expenses	1,741,331	2,272,673
	<u>10,534,844</u>	<u>14,176,188</u>
Operating profit	1,296,593	4,436,072
Interest income	7,093	12,480
Interest expense	(180,007)	(331,162)
Expenses allocated by Parent Company		(393,000)
Other income (deductions)	5,703	(27,945)
Income before income taxes	<u>1,129,382</u>	<u>3,696,445</u>
Income taxes	556,000	1,557,000
Net income	<u>\$ 573,382</u>	<u>\$ 2,139,445</u>
Net income per share	<u>\$.10</u>	

See notes to unaudited condensed consolidated financial statements.

Jimbo's Jumbos, Incorporated and Subsidiaries

Unaudited Condensed Consolidated Statements of Income

	Six months ended January 31,	
	1992	1991
Net sales	\$26,028,521	\$ 34,073,359
Cost and expenses:		
Cost of sales	19,530,444	23,264,294
Selling, general, and administrative expenses	<u>3,642,171</u>	<u>4,334,689</u>
	23,172,615	27,598,983
Operating profit	2,855,906	6,474,376
Interest income	19,370	24,596
Interest expense	(207,705)	(359,289)
Expenses allocated by Parent Company		(573,000)
Other income	<u>13,031</u>	<u>14,039</u>
Income before income taxes	2,680,602	5,580,722
Income taxes	<u>1,287,000</u>	<u>2,352,000</u>
Net income	<u>\$ 1,393,602</u>	<u>\$ 3,228,722</u>
Net income per share	<u>\$.26</u>	

See notes to unaudited condensed consolidated financial statements.

Jimbo's Jumbos, Incorporated and Subsidiaries

Unaudited Condensed Consolidated Statements of Cash Flows

	Six months ended January 31,	
	1992	1991
Operating activities		
Net income	\$ 1,393,602	\$ 3,228,722
Adjustments to reconcile net income to net cash used in operating activities:		
Depreciation of property, plant and equipment	456,000	450,400
Amortization of excess of cost over net assets acquired, deferred compensation and other assets	386,530	350,530
Other, net	(42,613)	240,519
Changes in operating assets and liabilities:		
Decrease (increase) in accounts receivable	3,289,311	(526,072)
(Increase) in inventory	(15,340,875)	(16,537,731)
(Increase) decrease in prepaid expenses	(32,656)	1,218
Increase in accounts payable, accrued expenses and income taxes	605,658	3,569,437
Net cash used in operating activities	<u>(9,285,043)</u>	<u>(9,222,977)</u>
Investing activities		
Purchases of property, plant and equipment	<u>(764,790)</u>	<u>(924,721)</u>
Net cash used in investing activities	<u>(764,790)</u>	<u>(924,721)</u>
Financing activities		
Payment of dividend to parent company	(2,637,864)	
Borrowings under short-term bank notes, net	12,945,000	10,900,000
Repayment of borrowings under short-term bank notes from proceeds of sale of shares	(8,045,000)	
Principal payments on long-term debt		(90,000)
Proceeds from issuance of shares to senior management	400,000	
Proceeds from issuance of shares pursuant to registered public offering, net	7,645,000	
Net cash provided by financing activities	<u>10,307,136</u>	<u>10,810,000</u>
Increase in cash and cash equivalents	257,303	662,302
Cash and cash equivalents at beginning of period	490,285	219,523
Cash and cash equivalents at end of period	<u>\$ 747,588</u>	<u>\$ 881,825</u>

See notes to unaudited condensed consolidated financial statements.

Jimbo's Jumbos, Incorporated and Subsidiaries

Unaudited Condensed Consolidated Statement of Stockholders' Equity
(In Thousands)

	Common Stock Issued		Additional Paid-In Capital	Retained Earnings	Deferred Compensation
	Shares	Amount			
Balance at July 31, 1991	4,750	\$ 5	\$ 31,609	\$ 5,429	
Net income				1,393	
Issuance of shares by senior management	250		1,500		\$ (1,100)
Issuance of shares pursuant to registered public offering	1,500	2	7,644		
Amortization of deferred compensation					36
Balance at January 31, 1992	<u>6,500</u>	<u>\$ 7</u>	<u>\$ 40,753</u>	<u>\$ 6,822</u>	<u>\$ (1,064)</u>

See notes to unaudited condensed consolidated financial statements.

Jimbo's Jumbos, Incorporated and Subsidiaries

Notes to Unaudited Condensed Financial Statements

January 31, 1992

1. The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the three and six months ended January 31, 1992 and 1991 are not necessarily indicative of the results that may be expected for a full fiscal year. For further information, refer to the consolidated financial statements for the year ended July 31, 1991 included in the Company's filing on Form S-1.
2. Inventories are stated at the lower of cost (first-in, first-out) or market. The components of inventory consist of the following:

	January 31, 1992	July 31, 1991
Finished goods	\$ 3,894,679	\$ 1,457,873
Raw materials	16,225,841	3,587,072
Supplies	765,390	500,090
	<u>\$20,885,910</u>	<u>\$ 5,545,035</u>

3. On December 13, 1991, the Company completed an initial public offering of 1,500,000 common shares at \$6 a share. Prior to this initial public offering, the Company was a wholly owned subsidiary of Chock full O'Nuts Corporation. The initial public offering, together with 250,000 restricted common shares issued by the Company to its executive officers, reduced Chock full O'Nuts Corporation ownership interest to 73%. The Company realized net cash proceeds of approximately \$8,000,000 from sale of shares, after underwriting discounts and commissions and expenses of the offering. The Company has issued warrants to the lead underwriter to purchase 150,000 common shares, exercisable for a period of four years commencing one year from the date of the offering, at \$8.40 a share (subject to adjustment). The Company has also adopted a stock option plan covering 490,000 common shares. On December 6, 1991, options under the plan to purchase 400,000 common shares at \$6 per share were granted to officers and key employees. These options expire 10 years after grant. If such outstanding warrants and options were exercised, Chock full O'Nuts Corporation ownership interest in the Company would be reduced to approximately 67%.

Jimbo's Jumbos, Incorporated and Subsidiaries

Notes to Unaudited Condensed Financial Statements (continued)

4. Net income per share for the three and six months ended January 31, 1992, respectively, is based on the weighted average number of shares outstanding of 5,929,000 and 5,465,000, respectively. These shares were arrived at by adding 5,000,000 shares of common stock outstanding since August 1, 1991 (representing 4,750,000 shares issued to Chock full O'Nuts Corporation in exchange for all outstanding shares of the Company on October 7, 1991, and 250,000 shares referred to in Note 3 issued at less than the initial public offering price), to the weighted average of the 1,500,000 shares issued on December 6, 1991, pursuant to the registered public offering. No earnings per share is shown for the three and six months ended January 31, 1991 as such periods reflect expenses allocated by Chock full O'Nuts Corporation which have been discontinued subsequent to the 1991 fiscal year in connection with the public offering. Options and warrants are antidilutive and accordingly are not included in the computation.

The 250,000 shares issued by the Company to its executive officers are subject to restrictions which provide that the shares be returned to the Company in the event employment is terminated under certain conditions prior to periods ranging from approximately 3 to 4 1/2 years. Compensation cost applicable to the 250,000 shares, measured by the initial public offering price, will be charged to expense during the periods the restrictions remain in effect.

Jimbo's Jumbos, Incorporated and Subsidiaries

Management's Discussion and Analysis of Financial Condition and Results of Operations

Operations

The following is Management's discussion and analysis of certain significant factors that have affected the Company's operations during the periods included in the accompanying unaudited condensed consolidated statements of income.

Net sales decreased \$6,781,000 or 36% and \$8,045,000 or 24% for the three and six months ended January 31, 1992, respectively, when compared to the comparable periods of the prior year. The decrease in net sales for both periods was due to a decrease in pounds sold and a decrease in the average selling price. This was attributable to there being an adequate peanut supply in the current year compared to last years shortages of Georgia and Alabama peanuts which resulted in increased demand and selling price. The full effect of this shortage was felt in the second quarter of fiscal 1991 and remained at this level through the remainder of fiscal 1991.

Operating profit was \$1,297,000 (a decrease of 71%) and \$2,856,000 (a decrease of 56%) for the three and six months ended January 31, 1992, respectively, as compared to \$4,436,000 and \$6,474,000 for the comparable periods of the prior year. The decrease in both periods resulted from the aforementioned decrease in net sales, partially offset by a decrease in the cost of peanuts and a decrease in selling, general and administrative expenses. The decrease in selling, general and administrative expenses was primarily attributable to decreases in profit sharing, bonus and bad debt expense, partially offset by an increase in insurance costs.

Interest expense was \$180,000 and \$208,000 for the three and six months ended January 31, 1992, respectively, as compared to \$331,000 and \$359,000 for the comparable periods of the prior year. The decrease in both periods results primarily from reduced short term debt of approximately \$7 million primarily from the net proceeds from issuance of shares pursuant to the registered public offering.

Expenses allocated by the parent company were \$393,000 and \$573,000 for the three and six months ended January 31, 1991. This allocation was discontinued subsequent to July 31, 1991.

Income taxes for the six months ended January 31, 1992 was at a rate of 48% as compared to 42% for the comparable period of the prior year. This increase is caused by a decreased income before income taxes for the current period and the resultant increased effect on the tax rate of depreciation and amortization with no tax benefit.

Net income was \$573,000 and \$1,394,000 for the three and six months ended January 31, 1992, respectively, as compared to \$2,139,000 and \$3,229,000 for the comparable period of the prior year. The decrease was primarily due to decreased operating profit offset in part by decreased expenses allocated by the parent company and income taxes.

The second half of fiscal 1992 will be impacted by weak selling prices of seed peanuts and other products. This will result in lower profit margins in both the third and fourth quarters.

Jimbo's Jumbos, Incorporated and Subsidiaries

Management's Discussion and Analysis of Financial Condition and Results of Operations

Liquidity and Capital Resources

As of January 31, 1992, working capital was approximately \$15.8 million and the ratio of current assets to current liabilities was approximately 2.7 to 1.

The Company's borrowings under its line of credit are seasonal and reached a peak of \$16.9 million during the second quarter. On December 6, 1991, a registration statement covering the public offering by the Company of 1,500,000 shares of its common stock at an initial public offering price of \$6 per share became effective. On December 13, 1991, the Company received approximately \$8,400,000, after deducting underwriting discounts and commissions, in connection with the sale of the above shares which proceeds were used to reduce short-term debt. Presently, the Company has unused borrowing capacity of approximately \$13.6 million under credit facilities of \$18.5 million with Wachovia Bank of North Carolina, N.A.

Part II - Other Information

Item 1. Legal Proceedings

None

Item 6. Exhibits and Reports on Form 8-K

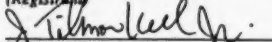
- a) Exhibits - none
- b) Reports on Form 8-K - none

Signatures

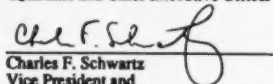
Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant duly caused this Report of Form 10-Q to be signed on its behalf by the undersigned, thereunto duly authorized.

March 4, 1992

Jimbo's Jumbos, Incorporated
(Registrant)


J. Tilmon Keel, Jr.
Chairman and Chief Executive Officer

March 4, 1992


Charles F. Schwartz
Vice President and
Chief Financial and Accounting Officer